

ES WHITE PAPER

The Unitary Patent (UP)

A new instrument for EPC applicants as an additional option besides the classical EP patent

June 2023

With the European patent with unitary effect (unitary patent or UP, for short), another option for protecting technical inventions is now available in many participating EU member states since 1 June 2023, complementing the European bundle patent (EP patent).

The central contact point for obtaining a unitary patent will be the European Patent Office (EPO), before which the examination procedure leading to the unitary patent will follow the known practice for the EP patent. However, there will be changes from grant onwards, in particular with regard to validation, maintenance and jurisdiction.

This White Paper introduces the most important innovations in the European patent system due to the introduction of the unitary patent and shows owners of European patent applications and patents options for action in the run-up to the start of this system as well as future design options concerning the EP/UP patent portfolio strategy.



PART 1

BACKGROUND

EUROPEAN BUNDLE PATENT (EP PATENT) AND UNITARY PATENT (UP)

With the establishment of the independent authority of the European Patent Office (EPO), the European Patent Convention (EPC) of 1973 made it possible for the first time to obtain patent protection in several European countries with a single application through a so-called European bundle patent (EP patent). At that time, 16 member states participated in this system. The EPC now offers an enormous scope with 38 member states (in comparison to 27 EU member states).

However, today, the EP patent is still subject to fragmentation in that it breaks down into its national parts upon grant. EP patents must therefore be validated and maintained individually in each country in which they are to take effect. Disputes must also be fought out before the respective national courts. The more territorial scope is sought, the more time-consuming and costly this becomes.

Now, after decades of negotiations in many EU member states, patent protection with unitary effect is finally being created with the unitary patent. The legal basis for the new unitary patent is also the EPC. Application, opposition, limitation and appeal procedures will therefore continue to follow the familiar EPC rules. However, once granted, the new unitary patent (UP) will have a genuinely unitary effect in all participating member states. The maintenance of the unitary patent will also be carried out with a single annual fee for all countries, which, in comparison with the EP patent, can significantly reduce costs as well as effort.

LEGAL FRAMEWORK

The most relevant regulations comprise the Agreement on a Unified Patent Court (UPCA), the Rules of Procedure of the Unified Patent Court, and relevant EU Regulations. Following the deposit of Germany's instrument of ratification in February 2023, the UPCA has now entered into force on 1 June 2023. From this date, patents with unitary effect can be applied for in all participating member states and the Unified Patent Court will also have jurisdiction over European bundle patents.

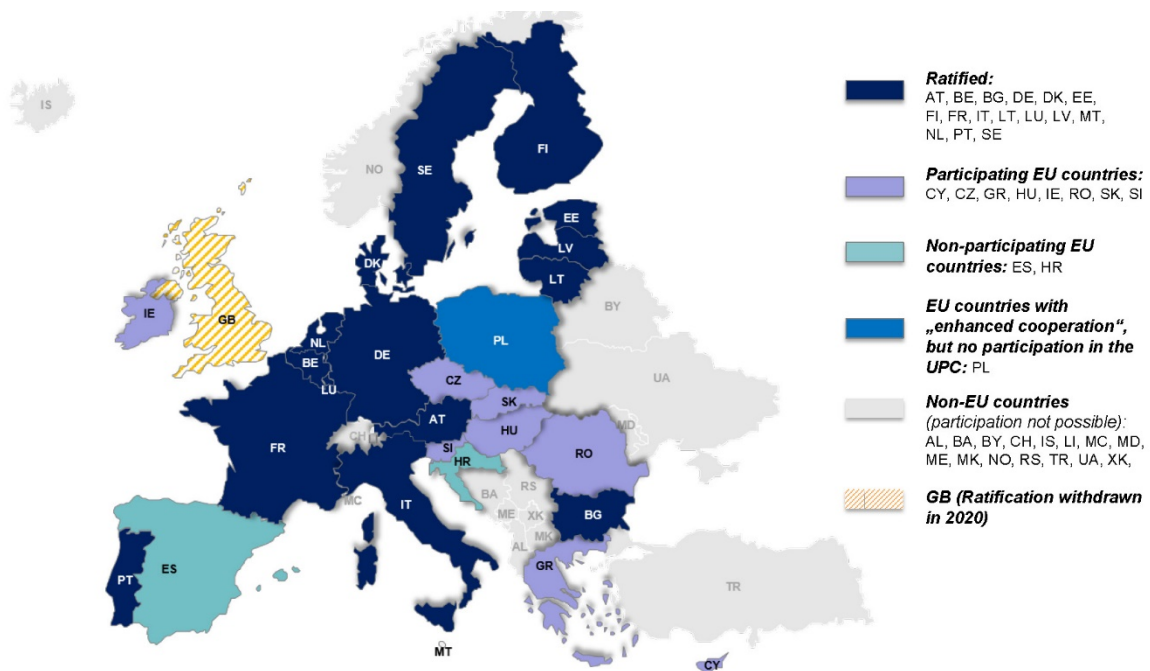
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THE (DYNAMIC) TERRITORIAL SCOPE OF A UNITARY PATENT

Unlike the EP patent, the unitary patent can only have effect in EU member states that participate in the enhanced cooperation within the EU in the field of patent protection and have ratified it in parliament. Of the current (post-Brexit) 27 EU member states, **17 participating member states** are initially involved in the unitary patent protection (in dark blue in the diagram below). Only for these states a unitary patent can be obtained immediately upon the start of the system. Spain and Croatia do not participate in the enhanced cooperation. If further EU member states ratify (example: for Ireland this is expected soon), or if further present or future EU member states support the enhanced cooperation, the territorial scope of protection of the unitary patent will grow accordingly. However, this does not apply retroactively to unitary patents already applied for / granted.



The territorial scope of protection of the unitary patent is determined by the EU member states participating in the system at the time of filing the application for a unitary patent and is thus dynamically variable.



PART 2

DECISIONS – EVEN BEFORE THE START OF THE SYSTEM

It should be noted that the Unified Patent Court, which has also been newly established, will have exclusive jurisdiction for unitary patents. However, this newly established international court will centrally rule not only on questions of infringement and validity of unitary patents, but also on classical European bundle patents. This extended jurisdiction of the new court also for EP patents can be ruled out with an “opt-out”.

THE OPT-OUT

The “**opt-out**” refers to a request procedure by which **a classical EP application or an EP patent** is withdrawn from the jurisdiction of the future Unified Patent Court, so that the IP right remains – as at present – subject to national jurisdiction in the member states of the EPC. There is no opt-out for a unitary patent.

An opt-out can be declared during the entire term of the EP right. The possibility to opt out will be possible during a prolongable transitional period of initially 7 years. After the transitional period, the Unified Patent Court will have exclusive jurisdiction over both, the EP patent and the unitary patent.



An opt-out can be obtained for 7 years after the start of the new system for classical EP applications and EP patents. There is no opt-out for a unitary patent.

The opt-out request is to be filed with the Unified Patent Court via the so-called Case Management System (CMS) of the Unified Patent Court. This is not to be confused with the EPO system of the same name.

For granted EP patents, it should be noted that the opt-out request must be filed **uniformly for all validated parts**. Thus, the principle of “all-or-nothing” applies. **No fee** is to be charged by the authority for the opt-out. The opt-out only becomes effective upon entry in the register.

The opt-out becomes effective **for all applicants/owners collectively**. For jointly held IP rights, coordination must therefore take place in advance. For **licensed EP rights** in particular, it is appropriate to coordinate the opt-out strategy between the holder and the licensee(s).



The opt-out is to be requested via the CMS of the Unified Patent Court. It applies wholly to all validated parts and also to all applicants/owners of the respective EP right.

Once validly declared and registered, the opt-out removes all validated parts of an EP bundle patent from the jurisdiction of the Unified Patent Court and accordingly from a central invalidity attack. At the same time, however, by opting out (unless revoked), one loses the possibility of obtaining titles centrally for all participating member states in case of an infringement. The decision for or against an opt-

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out therefore depends on the circumstances of the individual case. In our White Paper about the Unified Patent Court, we outline reasons that can generally speak for or against an opt-out.

If the opt-out request is for an EP right, the request should be declared immediately. This is because as soon as an action has been brought before the Unified Patent Court concerning an EP right, the opt-out is no longer available. A “**lock-in**” occurs and the jurisdiction of the Unified Patent Court can no longer be waived. It is therefore advisable to develop an appropriate strategy and make opt-out decisions **in a timely manner**.

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Whether an opt-out is appropriate or advisable depends on the circumstances of the individual case. It is advisable to think **at all times until the expiration of the transitional period** about your individual opt-out strategy in the context of the current EP patent portfolio (including supplementary protection certificates). We will be happy to advise you on this at any time, because opt-out strategies are as individual as your patent portfolio and its purpose.

UNITARY PATENT, EP BUNDLE PATENT OR BOTH?

The application and examination procedure for a unitary patent before the EPO is identical to the familiar procedure of an EP application.

To obtain a unitary patent, a “request for unitary effect” must be filed with the EPO **within one month** from the date of publication of the mention of the grant of the EP patent in the European Patent Bulletin, for which a separate **form (7000)** will be available.

During a transitional period of at least six years up to a maximum of twelve years (depending on the quality of the machine translations then available), a **full text translation** will be required within the 1-month period mentioned. If the language of the proceedings is French or German, this is a full translation of the patent specification into English. If the language of the proceedings is English, a full translation of the patent specification into (any) other official language of the EU (i.e. not necessarily an official language of the EPO) is required. After the end of the transitional period, reliance will be placed solely on high-quality machine translations provided by the EPO, which will then further reduce translation costs.

If all the requirements associated with the unitary effect request are fulfilled, the EPO registers the unitary patent. More precisely, it enters the unitary effect into the register for unitary patent protection. The EPO remains responsible for the unitary patent as the central office for receiving renewal fees.

The unitary patent can be financially attractive, even without the participation of the UK. Calculated over the full term, a unitary patent is cheaper than maintaining the national parts of an EP patent for the participating states where validation has been most frequent so far, i.e. DE, FR, IT and NL. The more UP states are of interest, the cheaper the new system will be in comparison. The simplified rule of thumb is “**more than three**”.

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Use our unitary patent **calculator** to calculate and compare annuities for your individual validation strategies.

NOTE: For unitary patents, there is **no selective dropping of individual member states**. Therefore, the country portfolio cannot be thinned out over the years, which is currently often part of an adaptive portfolio strategy for EP patents.



The **rule of thumb: “More than three”**. Calculated over the full term, a unitary patent is cheaper if validity is sought in more than three of the participating countries.

FILING STRATEGY OF THE FUTURE

Within a patent family, it will be possible to obtain both a classical EP patent and a unitary patent. The figure below illustrates how portfolio diversification can be achieved – and what impact this has on jurisdiction.

In general, the smartly coordinated filing of EP divisional applications is likely to become more important.

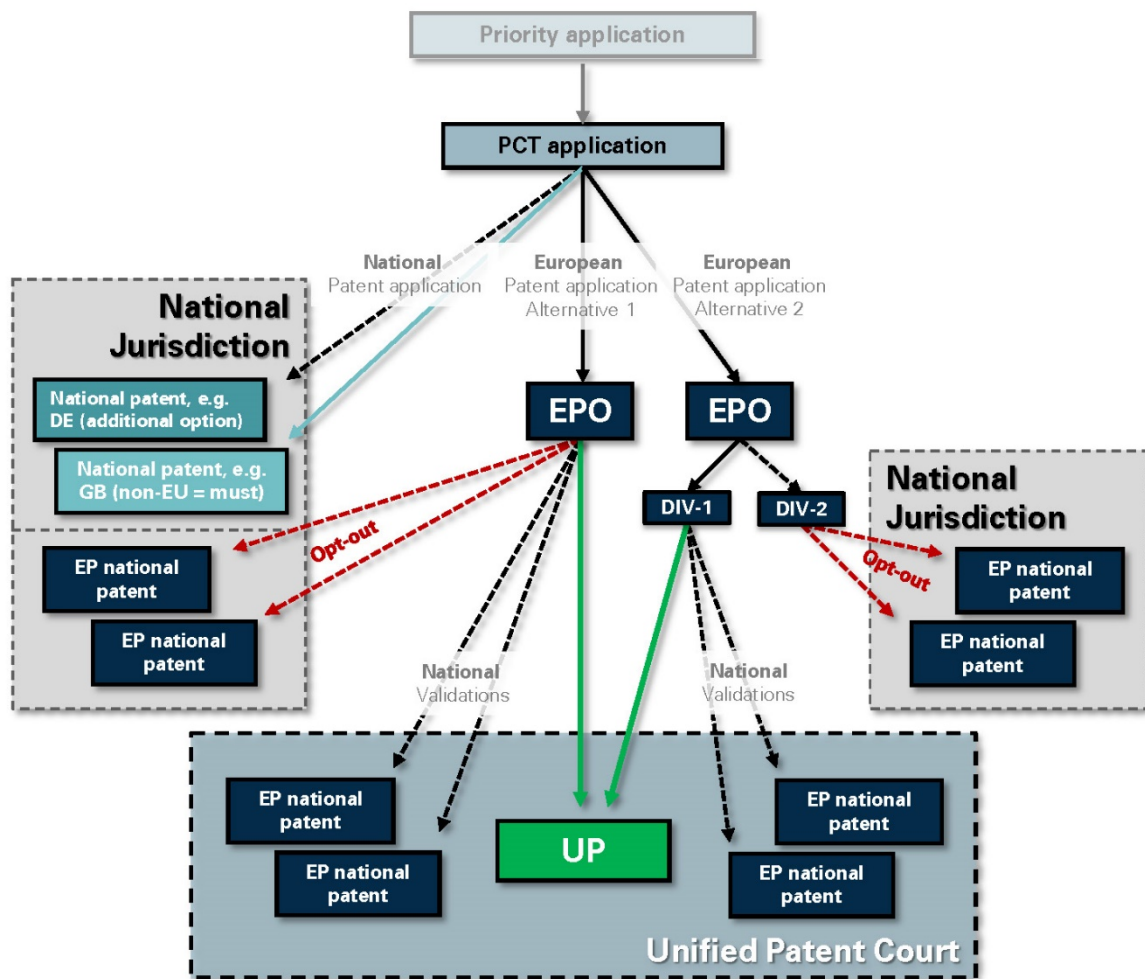
With regard to (parallel or priority-establishing) **national applications**, the introduction of the unitary patent also results in innovations that may have an influence on future strategies. For example, **Germany** will **no** longer provide for a **prohibition of double protection** for national patents in relation to the unitary patent. DE patent and unitary patent can therefore coexist, whereby the property rights will be subject to different jurisdictions (national or Unified Patent Court). Just in the event of a dispute will it have to be decided in which jurisdiction the dispute is to be brought forward.

For the filing strategy, this means that DE IP rights may increasingly be maintained and filed in parallel.

It is also to be expected that other states besides Italy will reopen the “national PCT route”. From a strategic point of view, it may then be advisable for PCT applicants to initiate corresponding national phases from the PCT application in parallel with the EP application.

At the same time, it should be considered already at the filing stage which **filing strategy** is most effective to obtain protection for non-UPC states of interest, i.e. **when** and **how** effectively and favourably protection can be obtained for non-EU (GB, CH/LI, etc.) and for non-participating states (ES, PL). Possible strategies are presented in Part 3.

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! In addition to the decision between EP patent and unitary patent for the participating states, the handling of non-participating states as well as the possibilities of parallel national IP rights, which are still subject to national jurisdictions, must also be considered for future filing strategies.

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PART 3

QUESTIONS & ANSWERS ON THE UNITARY PATENT

Q	When is it going to start?
A	The system started on 1 June 2023 when the UPCA entered into force.

Q	To the point: When is a unitary patent worthwhile from a cost perspective?
A	<p>Rule of thumb: From a purely economic point of view, a unitary patent can already be profitable from a UP validation scope of more than three participating member states (for example DE, FR, IT, NL).</p> <p>To the extent that it is part of your past practice to strategically thin out the portfolio over the years, the costs should be compared more closely, as there is no “selective dropping” of individual validations in selected states for unitary patents and thus no reduction in costs over the years.</p> <p>For the transitional phase, it must also be borne in mind that at the moment a full text translation must still be filed when applying to the EPO for a unitary patent. As soon as this translation requirement is removed by machine translations provided by the EPO, the unitary patent system will become even more attractive from a cost perspective. In many cases, due to parallel US applications or, for example, parallel German national applications, full texts already exist when the unitary patent is applied for and only need to be adapted at low cost.</p>
	Use our unitary patent calculator to compare the profitability of the unitary patent in terms of renewal fees!

Q	What needs to be considered in terms of validity?
A	<p>Unitary patents are subject to the exclusive jurisdiction of the Unified Patent Court. This means that enforcement of the patent is possible centrally, but at the same time a possibly non-valid patent is also exposed to the risk of a central invalidity attack.</p> <p>Important positions on the courts of the Unified Patent Court are filled by experienced judges from France and Germany. One can therefore expect a high quality of jurisprudence.</p> <p>However, by its very nature, there is no case law history for the completely new system.</p> <p>For the initial phase, we therefore advise that the UP protection is supplemented by flanking protection (divisional applications; national applications), especially in the case of valuable patent families. In return, the higher costs associated with obtaining patent protection allow more flexibility in enforcement and contract drafting.</p>

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In this respect, it is attractive that Germany **will lift** the **double protection prohibition** in the relationship of a national DE patent and a unitary patent. Parallel maintenance of the DE patent (which will continue to be subject exclusively to German jurisdiction) and a unitary patent will therefore be possible.

Q Opt-out YES: What needs to be considered?

A Bear in mind (see Part 2 above) that from the effective start, an action before the Unified Patent Court will mean that an opt-out is no longer possible. An opt-out should therefore be declared as soon as possible, in order to prevent a lock-in through legal action.

An opt-out declared for an EP application will remain effective for the subsequent EP patent. The opt-out will remain effective for the full term of an EP right. A one-time withdrawal of the opt-out will be possible, but not an arbitrary opt-out opt-in.


As the system has started, the following considerations should be made and discussions initiated now in a timely manner in order to define a pool of opt-out IP rights:

For which EP applications and/or EP patents should an opt-out be declared?

To decide this, each IP right should be considered and discussed separately:

1. Are there **co-applicants**? Then the opt-out strategy must be discussed together in good time, as an opt-out is only possible for all of them together.
2. Should **licence agreements** concerning the EP right to be opted out be taken into account? The legitimate interests of licensees should be taken into account by the proprietor as well as already existing agreements with regard to the coming opt-out possibilities.
3. Are **attacks on the legal status of EP patents** likely or already pending? After the opt-out decision, it is important to ensure that the necessary steps are taken in a timely and legally effective manner to avoid pitfalls in the new system.
4. **Self-execution** or opt-out by **representative**? In the case of self-execution, the new CMS system of the Unified Patent Court must be dealt with and mastered (see here: <https://cms.unified-patent-court.org/login>). In the case of opt-out by agent, timely coordination and transmission of lists of EP rights for which an opt-out is to be made is of central importance.
5. Finally, the question arises as to how the respective decision and legally effective execution of the opt-out is to be **documented** internally in order to avoid uncertainties regarding the question of responsibility at a later date.

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Q	Opt-out YES: How does it work, from when, for how long, from when is it effective?
A	<p>Procedure</p> <ul style="list-style-type: none">• Login to the CMS system of the Unified Patent Court (not EPO!)• Account and authorisation (2-factor authentication) are required, but the smart card system of the EPO will not be available, no requirement of an agent for opt-out• https://cms.unified-patent-court.org/login Use of individual opt-out Application Programming Interface (APIs) possible: https://www.unified-patent-court.org/sites/default/files/opt-out_api_instructions_v.1.0.pdf• Attention, at the moment there is no automated opt-out (list upload) foreseen! <p>When</p> <ul style="list-style-type: none">• At all times and in principle, for the full term of the EP right, as long as no lock-in has occurred by filing a lawsuit.• The Unified Patent Court will maintain a public list of EP rights for which an opt-out has been declared.
!	The opt-out only becomes effective upon registration , not upon application!
	Feel free to contact us if you need support for larger opt-out series.

Q	Consequences of an incorrect opt-out?
A	<p>An incorrect opt-out declaration or the ineligibility of the opt-out declaration may lead to the opt-out being deemed invalid. As a result, the exclusive jurisdiction of the Unified Patent Court remains for the EP IP right.</p> <p>In principle, an incorrect opt-out declaration can be corrected. However, this is only possible from the time of registration.</p> <p>The effectiveness of an opt-out can be challenged before the Unified Patent Court.</p>

Q	Opt-out NO, unitary patent NO: What to do?
A	<p>If you do not wish to make use of the unitary patent for your applications pending grant and at the same time wish the Unified Patent Court to have jurisdiction for the EP patents arising or already existing, no additional steps deviating from the previous grant practice are required.</p>


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Q	How do I apply for a unitary patent?
A	<p>Unlike the opt-out, the “request for unitary effect” to obtain a unitary patent is made to the EPO.</p> <p>From the date of publication of the mention of the grant of the EP patent in the European Patent Bulletin, the aforementioned “request for unitary effect” must be filed with the EPO within one month in order to obtain a unitary patent, for which the EPO will provide a separate form 7000.</p> <p>The application shall be made in the language of the case.</p> <p>During a transitional period, a full text translation will still be required within the 1-month period – if the language of the proceedings is French or German, a full translation of the patent specification into English, or, if the language of the proceedings is English, a full translation of the patent specification into (any) other official language of the EU (not the EPO).</p> <p>The unitary patent will then be given its own document code “C”.</p> <p>The request only becomes effective on the date of registration. Before registration, the IP right is treated as a classical EP patent. Therefore, until the unitary effect is registered, the filing of a translation may be required to assert a claim for compensation in Germany – as before.</p>

Q	Unitary patent YES: What about a DE property right? Double protection?
A	<p>Germany will lift the double protection prohibition in the relationship between the DE patent and the unitary patent. This will allow a national patent to be maintained in parallel with the unitary patent. This should be considered for current grant procedures as well as for future filing strategies.</p> <p>Targeted filing strategies can therefore benefit from both systems. The DE IP right will always be subject to the exclusive jurisdiction of the German national courts.</p>

Q	Unitary patent YES: What about non-participating states? GB, CH, ES etc.?
A	<p>If, in parallel to the unitary patent, protection is also sought for non-EU states and non-participating EU states, there are several possibilities. This can be seen from the overview in part 2.3 above. First of all, for the applications already pending, in addition to the option of the unitary patent, there will still be the option of an EP patent which can be validated for the non-participating states.</p> <p>What is the right filing strategy of the future will depend heavily on your current filing practice, especially the priority post-filing scheme.</p>

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	<p>For a PCT-based filing strategy, nationalisation can be done directly from the PCT phase. Some countries that had/have closed national routes are expected to reverse this.</p> <p>In general, EP divisional applications will play an even more important role in the future for optimal protection and enforcement of your portfolio in Europe, in order to make the best use of the advantages and disadvantages of both the Unified Patent Court and national jurisdictions.</p>
	<p>Feel free to contact us if you would like to discuss and adapt your future registration strategies individually.</p>

Q	Licence agreements = exclusive licences? What is important?
A	<p>In most cases, current licence agreements will not yet include provisions on the unitary patent and the Unified Patent Court. However, the new possibilities offered by the unitary patent and the Unified Patent Court will have an impact here as well. Also in view of the diversification of the European patent landscape, the drafting of licence agreements should therefore be adapted.</p> <p>For example, under the UPCA regime, exclusive licensees can enforce a patent without the consent of the proprietor unless the licence agreement provides otherwise. Ordinary licensees will not have this right unless the licence agreement provides otherwise.</p>
!	<p>For future contract drafting, you as licensor as well as licensee should urgently provide for corresponding regulations, if this is not already implemented.</p>

Q	What about the applicable law for a unitary patent as intellectual property right?
A	<p>According to Article 7 of EU Regulation 1257/2012, a Unitary Patent as part of the property, e.g., in the context of transfers or licensing purposes, is subject to that national law of the state, where the Applicant had its residence / domicile at the time of filing of the application.</p> <p>In case of several Applicants, the residence / domicile of the first mentioned Applicant is decisive. This may also be of relevance for future filing strategies. In case the residence / domicile of the first mentioned Applicant is outside of a participating member state, the residence / domicile of the second Applicant is decisive.</p> <p>In case no Applicant / Proprietor has / had its residence / domicile within a participating member state, German national law will be applicable (as place where the European Patent Office has its headquarter, cf. Art. 7(3) Regulation (EU) 1257/2012).</p> <p>It can thus prove useful to have an entry in the Register for unitary patent protection (which is an integral part of the European Patent Register) showing "a place of business on the date of filing" in cases where an Applicant, when filing a European patent application or international application under the PCT designating or electing the EPO (Euro-PCT</p>

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application), did not have a residence or principal place of business in one of the participating Member States within the meaning of point (a) Art. 7(1) Regulation (EU) 1257/2012, for example where the Applicant had its residence or principal place of business in the United States of America or Switzerland (see Rule 16(1)(x) Unitary Patent Regulation of the EPO). Providing information on such a “place of business on the date of filing” is voluntary.

Q

Where can I find more official information on obtaining a unitary patent?

A

The EPO will continue to be responsible for obtaining, maintaining (renewal fees) and administering the unitary patent.

The EPO's “Guide to the Unitary Patent” (2nd ed., 2022) provides valuable guidance on the procedure for obtaining a unitary patent at the EPO following the grant of a European patent under the EPC, as well as on the further procedures for unitary patents, e.g. in connection with the compensation of translation costs or with the registration of declarations of willingness to license, and gives an overview of the rules on the payment of renewal fees for unitary patents:

<https://www.epo.org/law-practice/unitary/unitary-patent/unitary-patent-guide.html>

According to the EPO, the guide is currently under revision, but already provides a very good overview in its current version.

Your contact persons at Eisenführ Speiser are always available for further individual strategic advice. Please do not hesitate to contact us!

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